

**COMMONWEALTH OF KENTUCKY
OFFICE OF INSURANCE**

AGENT LICENSING DIVISION

Treva W. Donnell, Director

SURPLUS LINES BROKER

LICENSING PROCEDURES AND INFORMATION

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**LAST UPDATED
February 2008**

This document is for general information purposes only. It does not amend or precede provisions of the Kentucky Revised Statutes or Administrative Regulations. For more complete information, refer to the Kentucky Insurance Code.

In general, it is against the law for anyone to place business with an unauthorized insurer. However, certain insurance coverage that is not available in Kentucky from authorized insurers may be purchased from unauthorized insurers but only through licensed surplus lines brokers and only under certain circumstances. The conditions for export are set out in KRS 304.10-040.

Also, surplus lines brokers may accept and place surplus lines business for any agent licensed in Kentucky for the kind of insurance involved and may compensate the agent.

Exceptions – The Surplus Lines Law does not apply to

- Reinsurance; and
- The following lines of insurance when placed by agents or surplus lines brokers licensed in Kentucky:
 - Ocean marine and foreign trade insurance,
 - Insurance on subjects located, resident, or to be performed wholly outside of Kentucky or on vehicles or aircraft owned and principally garaged outside Kentucky,
 - Insurance on railroads engaged in interstate commerce, and
 - Insurance on aircraft used by aircraft manufacturers or in commercial interstate flight or insurance against liability, or other than workers' compensation, arising out of the use of this aircraft.

Note: The Office recommends that the applicant for a nonresident surplus lines broker license also obtain a nonresident agent license with property and casualty lines of authority because the affidavit required by KRS 304.10-050 must clearly demonstrate the manner in which diligent effort was made to determine coverage was not procurable from authorized insurers. (The application for both the surplus lines broker license and the agent license may be made at the same time on one form.)

Statutory Responsibilities and Duties of Surplus Lines Broker – Specific requirements and restrictions, which are known as the Surplus Lines Law, are found in KRS 304.10-020 through 304.10-210. The licensee should refer to this section of the Kentucky Insurance Code for details including conditions for export, broker's affidavit, eligible surplus lines insurers, evidence of insurance, endorsements, records, annual statement, and taxes. Licensed surplus lines brokers will be held to compliance with these statutes as well as to all other applicable provisions in the Insurance Code.

WARNINGS

Notice of Action Against License – Every licensee must notify the Office of Insurance in writing within 30 days of initiation of

- **Disciplinary action** taken by any jurisdiction against the license or any other professional license; or
- **Criminal action** taken by any jurisdiction against the licensee.

Address Change or Name Change – Every licensee must notify the Office, in writing, of any change in residence address, business address, or legal name within 30 days of the change. Agents, individual or business entity, surplus lines brokers, rental vehicle agents and managing employees, specialty credit producers and managing employees, reinsurance intermediary brokers, and reinsurance intermediary managers are subject to a penalty up to \$1,000 for failure to do so. Adjusters, administrators, viatical settlement brokers, viatical settlement providers, and consultants are subject to a penalty up to \$2,000.

Address changes should be submitted on Record Correction **Form 8303** either electronically through eServices (<http://doi.ppr.ky.gov>) or by mailing the **Form 8303** to the KOI. (Moving from Kentucky to another state may require surrendering the resident license and applying for nonresident license. Also moving to Kentucky from another state may require surrendering the nonresident license and applying for a resident license.)

- **Name changes** should be submitted on Record Correction **Form 8303** either electronically through eServices (<http://doi.ppr.ky.gov>) or by mailing in **Form 8303** to the KOI with pertinent legal documentation approving the name change, including any amendments filed with the Kentucky Secretary of State.
- **Mailing address for the KOI:**

Office of Insurance
Agent Licensing Division
Post Office Box 517
Frankfort, KY 40602-0517

Change of Home State – A nonresident licensee who changes his or her home state to a state other than Kentucky must file a change of address **Form 8303** either electronically through eServices (<http://doi.ppr.ky.gov>) or by mailing in **Form 8303** and provide a Certification Letter from the new home state within 30 days of the change. No fee or license application is required.

Loss of Home State License – A Kentucky nonresident license based on reciprocity will automatically terminate and must be surrendered to the Office if the home state license terminates for any reason.

MISCELLANEOUS INFORMATION

Notice of Executive Director's Order – Every licensee is deemed to have received any notice or order of the Executive Director mailed to the licensee's address on file with the Office.

Licensee's Office Open to Public – If Kentucky is the home state, the licensee is required to have and maintain an office in Kentucky that is accessible to the public, and that is the place where the licensee principally conducts transactions under the license. This requirement does not prohibit the licensee from maintaining this office in the office of an insurer, in the office of the employer, or in the home of the licensee. (Kentucky is the home state if the licensee has a Kentucky resident license or has a Kentucky principal place of business without a resident license from another state.)

Display of License and Retention of Records – The license of all licensees must be conspicuously displayed in each Kentucky place of business in a part customarily open to the public. In addition, complete records of transactions under the license must be kept at the place

of business for at least five years after completion of the purpose for which it was created. [KRS 304.9-390 and 806 KAR 2:070]

Service of Process – All nonresident licensees are deemed to have irrevocably appointed the Kentucky Secretary of State to receive service of process in any court action against the licensee arising out of transactions under the Kentucky license.

Designations – A licensed business entity can only exercise its license through a designated licensed and appointed individual. Each designated individual has to hold the same kind of license as the business entity and, if the business entity license has lines of authority, have at least one of the same lines of authority. Further, the designated individual may only exercise the business entity license for the lines of authority held in common by both the business entity and the individual.

(For example, a business entity agent is like a building: it cannot operate unless there is an individual to sell the policies and an insurance company to issue the policies. So, **the business entity agent must designate individual licensed agents and have appointments with insurers**. Likewise, **the individual agent must have at least one appointment** of his or her own with an insurer.)

Each licensed business entity must file with the Office

- **Form 8305 – Notice of the designation** of an individual within 30 days of the designation or termination of the designation; and
- **Bi-Annual report** by January 31, each odd year, of all designated individuals whose designations are not terminated prior to January 1. (The Office will provide the format to be used for this report.)

Certification / Clearance Letter from Kentucky Office of Insurance – If an applicant for a license in another state holds or has held a Kentucky resident license, the other state may require a letter from the Kentucky Office of Insurance. A Certification Letter states that the license is active and in good standing in Kentucky (needed to license a Kentucky resident licensee as a nonresident licensee in another state). A Clearance Letter states that the former licensee was in good standing at the time the Kentucky license terminated (needed to license a former Kentucky resident licensee as a resident licensee in another state). Kentucky has combined these two letters:

- If the license is active, the letter will serve as a certification letter for the current license activity; and
- If the license is no longer active, the letter will indicate the last date of license and the date it became inactive, thus serving as a clearance letter.

Each letter must be requested online at <http://doi.ppr.ky.gov/kentucky>; click eServices, set up a password-protected account, and complete the Certification/Clearance Letter Request Form. Complete the licensee's full name, identification number (the licensee's Social Security Number, Federal Employer Identification Number, or Office of Insurance identification number), and type of letter needed. Also, the licensee must indicate where the processed paperwork should be mailed by providing the correct address on the request. Fees may be paid by credit or debit card online, or make check payable to the "Kentucky State Treasurer" in an amount of \$5 for each letter requested. The fee must be included with the request.

Certification / Clearance Letters to Kentucky Office of Insurance – Kentucky no longer requires a letter (only verification through the NAIC Producer Data Base) from the other state if the applicant for a Kentucky license holds or has held a resident license in the other state.

Request for Kentucky Nonresident License –

- Kentucky will verify electronically through NAIC Producer Data Base, that the nonresident applicant is licensed and in good standing in the resident state.
- A nonresident individual or business entity, which has a Kentucky nonresident license and changes its home state, must file Record Correction **Form 8303**.

Request for Kentucky Resident License –

- Kentucky will verify electronically through NAIC Producer Data Base, that the nonresident applicant is no longer licensed in the other state.

Purchase of Kentucky Insurance Code – Because there is so much involved in the licensing and the legal requirements imposed on a licensee, the Office suggests that every licensee get a copy of *Kentucky Insurance Laws and Regulations, 2006 Edition*. This Kentucky insurance code can be purchased for \$36.50 through the Office of Insurance. It will provide a better understanding of Kentucky insurance laws and procedures. In the alternative, the licensee may access Kentucky's insurance laws and administrative regulations through the Legislative Research Commission Web site at www.lrc.state.ky.us under "Kentucky Law."

Forms and Additional Information – Kentucky-specific applications and most other forms for all licensees are available through the Office's Web site at <http://doi.ppr.ky.gov/kentucky> under the "Agent Licensing" section of the menu titled "Licensee Procedures, Forms and Information." Also visit this Web site for additional information on all types of licenses, as well as verification of license status, continuing education credit, appointment, designations with business entities, etc. The Licensing Division is also available to provide information and answer questions through its e-mail address at KOIAgentLicensingMail@ky.gov or by telephone at (502) 564-6004.

INDIVIDUAL RESIDENT SURPLUS LINES BROKER

To be issued a resident surplus lines broker license, an individual must meet the requirements of KRS 304.10-120.

QUALIFICATIONS – Individuals applying for a surplus lines broker license must

- Hold a resident agent license with property and casualty lines of authority;
- Be competent and trustworthy with respect to the handling of surplus lines; and
- Be financially responsible.

APPLICATION – The applicant is required to certify, under penalty of perjury, that the application for the license is true. Further, the Office must receive the following to process the individual's application:

Individual License Application – NAIC Uniform Individual Application or **Form 8301** (completed in its entirety and attaching the appropriate information) or electronically submit application through www.nipr.com.

Criminal background report from Administrative Office of the Courts (obtain the report by filing **Form 8301-BGC** with the AOC; submit a copy of the report received with the application)

Proof of financial responsibility:

- Must have a Penal Bond – **Form 99-9 AND one of the following**
 - Errors & Omissions policy – **Form 99-1**, or
 - Letter of credit – **Form 99-2**, or
 - Surety bond – **Form 99-3**

If using assumed name, copies of certified Certificate of Assumed Name filed with Kentucky Office of Insurance and with each Kentucky county clerk where the applicant intends to transact business

All fees are non-refundable.

FEES – The applicant must remit \$100 for the license.

CRIMINAL BACKGROUND CHECK – Statutory changes require the Office to assume responsibility for investigating whether the individual applying for an agent license is trustworthy, reliable, and of good reputation before issuing the license. As part of that investigation, the individual must submit a current criminal background report with his or her completed license application. Each individual applicant must obtain the criminal background report from the Administrative Office of the Courts (AOC) by mailing the request **Form 8301-BGC**, as instructed on the form, with a \$10 check or money order made payable to the Kentucky State Treasurer to:

Administrative Office of the Courts
Pretrial Services, Records Division
100 Millcreek Park
Frankfort, KY 40601

If Form 8301-BGC is not submitted as indicated on the form, paperwork will not be processed. The license application **Form 8301** should be submitted to the Office only after the applicant has received the AOC report since a copy of the report must be included with the application for license. Note that the background report from AOC is valid for 60 days. At the end of 60 days from the report issue date, a new report will be required if the license has not been issued. If you apply for a new license or new line of authority, a new background check report is required.

PRELICENSING TRAINING – N/A

EXAMINATION – N/A

FINANCIAL RESPONSIBILITY – Before being granted a surplus lines broker license and for as long as the license remains in effect, the individual must keep in force a:

- **Penal bond** issued by an authorized insurer for \$50,000 on **Form 99-9**. The penal bond must be issued in favor of the Commonwealth of Kentucky guaranteeing that the surplus lines broker will conduct business under the license in accordance with the provisions of KRS 304 Subtitle 10 and will promptly remit the quarterly taxes required by KRS 304.10-180 **AND**;

must also have one of the following on file:

Evidence of financial responsibility in the sum not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, on the forms indicated below:

- **Errors and Omissions policy** issued by an authorized insurer on **Form 99-1**
- **Letter of credit** from a bank or other qualified financial institution on **Form 99-2**
- **Surety bond** issued by an authorized insurer on **Form 99-3**

Loss of Financial Responsibility – If at any time the proof of financial responsibility lapses for any reason and is not replaced by the deadline, the license will terminate by act of law. Details about the timely replacement of financial responsibility, which is being canceled, are set out in 806 KAR 9:210.

APPOINTMENT – N/A

ADDITIONAL LINES OF AUTHORITY – N/A

LICENSE RENEWAL – The license continues in force until expired, suspended, revoked, or otherwise terminated if the licensee makes a written request for continuation, confirms any applicable financial responsibility and certain other information in the Office's records, and pays the renewal fee of:

- \$100.00

License is renewed online.

- **Invoice is mailed** to the current address of record filed with the Office at least 75 days before the renewal deadline, and posted to the Web site six months prior to renewal.
- **Confirmation** of renewal information is available on our Web site at <http://doi.ppr.ky.gov/kentucky>. Click on eServices.
- **Renewal Period** is based solely on the licensee's birth date.
- **Renewal Deadline** is no later than the last day of the birth month in even-numbered years if born in an even year, or odd-numbered years if born in an odd year.

Individual license renewal is solely the responsibility of the licensee. **Each licensee must:**

- Renew online through eServices at <http://doi.ppr.ky.gov> or at www.nipr.com.

The licensee can check the Office's Web site to confirm that the Office has received the renewal invoice, continuing education course completion documentation, and any required renewal fees.

Failure to Renew License by Deadline – If the Office does not receive the license renewal invoice, continuing education course completion documentation, and any required fees by the deadline, the license will be automatically terminated as of the deadline. The licensee will be

prohibited from transacting insurance business until the license is reissued.

However, if the licensee submits the renewal invoice, proof of continuing education compliance, the late renewal penalty payment, and any required renewal fees within 60 days after the deadline, the license may be reissued without the need for a new license application or other documentation. Note that there will be a gap in the license (and any appointments) from the date of the deadline until the date the Office receives the signed renewal invoice, proof of continuing education compliance, penalty fee, and any required renewal fees.

CONTINUING EDUCATION – N/A

INDIVIDUAL NONRESIDENT SURPLUS LINES BROKER

Nonresidents may be licensed in Kentucky by submitting the appropriate application and meeting the applicable requirements

- For reciprocity under KRS 304.9-140 if the applicant holds the same or substantially similar license in a reciprocal state OR
- For a resident if the applicant is not licensed in a reciprocal state or if Kentucky is the home state. (See the requirements in the information summary concerning the appropriate resident licensing requirements.)

QUALIFICATIONS for RECIPROCITY (KRS 304.9-140) – Unless denied a license under KRS 304.9-440, the nonresident applicant must

- Hold the same license as a resident in the home state and be in good standing;
- Hold the resident license from a home state that awards nonresident licenses to Kentucky residents on the same basis;
- Submit the proper request for license; and
- Pay the applicable fees.

APPLICATION – The applicant is required to certify, under penalty of perjury, that the application for the license is true. Further, the Office must receive the following to process the individual's application:

NAIC Uniform Individual Non-resident Application (completed in its entirety and attaching the appropriate information) or electronically submit application at www.nipr.com
If using assumed name, certified copy of Certificate of Assumed Name AND copy filed with each Kentucky county clerk where the applicant intends to transact business
All fees are non-refundable

PRELICENSING TRAINING – N/A

EXAMINATION – N/A

FINANCIAL RESPONSIBILITY –N/A

APPOINTMENT – N/A

ADDITIONAL LINES OF AUTHORITY – No additional lines of authority are available under this license.

LICENSE RENEWAL – The license continues in force until expired, suspended, revoked, or otherwise terminated if the licensee makes a written request for continuation, confirms any applicable financial responsibility and certain other information in the Office's records, and pays the renewal fee of:

- \$100.

License is renewed online.

- **Invoice is mailed** to the current address of record filed with the Office at least 75 days before the renewal deadline, and posted to the Web site six months prior to renewal.
- **Confirmation** of renewal information is available on our Web site at <http://doi.ppr.ky.gov/kentucky>. Click on eServices.
- **Renewal Period** is based solely on the licensee's birth date.
- **Renewal Deadline** is no later than the last day of the birth month in even-numbered years if born in an even year, or odd-numbered years if born in an odd year.

Individual license renewal is solely the responsibility of the licensee. **Each licensee must:**

- Renew online through eServices at <http://doi.ppr.ky.gov> or www.nipr.com

The licensee can check the Office's Web site to confirm that the Office has received the renewal invoice, continuing education course completion documentation, and any required renewal fees.

Failure to Renew License by Deadline – If the Office does not receive the license renewal invoice, continuing education course completion documentation, and any required fees by the deadline, the license will be automatically terminated as of the deadline. The licensee will be prohibited from transacting insurance business until the license is reissued.

However, if the licensee submits the renewal invoice, proof of continuing education compliance, the late renewal penalty payment, and any required renewal fees within 60 days after the deadline, the license may be reissued without the need for a new license application or other documentation. Note that there will be a gap in the license (and any appointments) from the date of the deadline until the date the Office receives the signed renewal invoice, proof of continuing education compliance, penalty fee, and any required renewal fees.

CONTINUING EDUCATION – N/A

BUSINESS ENTITY RESIDENT SURPLUS LINES BROKER

To be issued a business entity surplus lines broker license, an individual must meet the requirements of KRS 304.10-120, KRS 304.9-130, and KRS 304.9-133.

QUALIFICATIONS – To be licensed as a surplus lines broker, the business entity applicant must:

- Hold a resident agent license with property and casualty lines of authority;
- Be competent and trustworthy with respect to the handling of surplus lines; and
- Be financially responsible.

Each individual who will act under the business entity license must

- Be licensed as an individual surplus lines broker; and
- Hold an active agent license for the underlying property/casualty lines of authority and be appointed with an insurer; and
- Be designated with the Office of Insurance to act on behalf of the business entity; and
- Have filed proof of financial responsibility.

APPLICATION – The applicant is required to certify, under penalty of perjury, that the application for the license is true. Further, the Office of Insurance must receive the following to process the business entity's application:

Business Entity License Application – **Form 8301-BE** or NAIC Uniform Business Entity Application (completed in its entirety and attaching the appropriate information) or electronically submit application at www.NIPR.com

Hold the underlying agent license with property/casualty lines of authority

List of all designated individuals to act under business entity license (each individual must have a license and insurer appointment for each line of authority he or she will exercise for the business entity)

For each individual to act under business entity license

- Individual License Application (with required attachments) – **Form 8301** or **NAIC Uniform Individual Application**, or

Register with the Kentucky Secretary of State at (www.sos.ky.gov)

- Certificate of Existence or Good Standing from Kentucky Secretary of State

If using assumed name, copies of Certificate of Assumed Name filed with Kentucky Secretary of State (www.sos.ky.gov) and each Kentucky county clerk where the applicant intends to transact business

All applicable non-refundable fees

FEES – The applicant must remit \$100 for the license plus all applicable fees for each individual or business entity for whom application is filed. (See fees for individuals applying for the same license in the prior section.)

PRE-LICENSING TRAINING – N/A

EXAMINATION – N/A

APPOINTMENT – Appointments are not applicable to the license; however, must hold active appointments for the underlying property and casualty agent license.

ADDITIONAL LINES OF AUTHORITY – N/A

LICENSE RENEWAL – The license continues in force until expired, suspended, revoked, or otherwise terminated if the licensee makes a written request for continuation, confirms any applicable financial responsibility and certain other information in the Office of Insurance's records, and pays the renewal fee

- Renewal fee is \$100.

The renewal invoice and the payment of the license renewal fee stated on the renewal invoice are due from the business entity licensee **by March 31 in**

- Odd-numbered years for a business entity licensed in an odd-numbered year, and
- Even-numbered years for a business entity licensed in an even-numbered year.

(At least 75 days before the renewal deadline, the Office will send the licensee the renewal letter.)

License is renewed online.

- **Invoice is mailed** to the current address of record filed with the Office of Insurance and posted to the Web site six months prior to the renewal.
- **Confirmation** of renewal information is on our Web site at <http://doi.ppr.ky.gov/kentucky/>. Click on eServices.
- **Renewal Period** is based solely on the license date.
- **Renewal Deadline** - License must be renewed no later than March 31 in even numbered years if licensed in an even year, or odd numbered years if licensed in an odd year.

The license renewal is solely the responsibility of the licensee. **Each licensee must:**

- **Renew online through eServices at** <http://doi.ppr.ky.gov> or www.nipr.com.

License is continuous and a new license certificate will not be issued at renewal.

The licensee may check the Office's Web site to confirm that the license has been renewed.

Failure to Renew License by Deadline – If the Office does not receive the license renewal invoice and any required fees by the deadline, the license will be automatically terminated as of the deadline. The licensee will be prohibited from transacting insurance business until the license is reissued.

However, if the licensee submits the renewal invoice, the **late renewal penalty payment**, and any required renewal fees within 60 days after the deadline, the license may be reissued without the need for a new license application or other documentation. Upon expiration of the 60 days, the license will be inactive. Note that there will be a gap in the license (and any appointments)

from the inactive date until the date the Office receives and approves a new application with required attachments.

CONTINUING EDUCATION – N/A

BUSINESS ENTITY NONRESIDENT SURPLUS LINES BROKER

To be issued a nonresident business entity surplus lines broker license, the entity must meet the requirements of KRS 304.10-120, KRS 304.9-130, and KRS 304.9-133.

QUALIFICATIONS – To be licensed as a surplus lines broker, the business entity applicant must

- Hold the same license as a resident in the home state and be in good standing;
- Hold the resident license from a home state that awards nonresident licenses to Kentucky residents on the same basis;
- Submit the proper request for license; and
- Pay the applicable non-refundable fees

Each individual who will act under the business entity license must be

- Licensed as an individual surplus lines broker;
- Licensed for the underlying property/casualty agent license and hold an active appointment with an insurer;
- Designated with the Office of Insurance to act on behalf of the business entity license.

APPLICATION – The applicant is required to certify, under penalty of perjury, that the application for the license is true. Further, the Office of Insurance must receive the following to process the business entity's application:

Business Entity License Application – **Form 8301-BE** or NAIC Uniform Business Entity Application (completed in its entirety and attaching the appropriate information) or electronically submit application through www.nipr.com

Hold the underlying agent license with property/casualty lines of authority

List of all designated individuals to act under business entity license (each individual must have a license and insurer appointment for each line of authority he or she will exercise for the business entity)

For each individual to act under business entity license

- Individual License Application (with required attachments) – **Form 8301** or **NAIC Uniform Individual Application**, or

- Identification number for Kentucky agent license

Register with the Kentucky Secretary of State at (www.sos.ky.gov)

- Certificate of Authority or Good Standing

If using assumed name, copies of Certificate of Assumed Name filed with Kentucky Secretary of State (www.sos.ky.gov) and each Kentucky county clerk where the applicant intends to transact business

All applicable non-refundable fees

FEES – The applicant must remit \$120 for the license plus all applicable fees for each individual or business entity for whom application is filed. (See fees for individuals applying for the same license in the prior section.)

PRE-LICENSING TRAINING – N/A

EXAMINATION – N/A

FINANCIAL RESPONSIBILITY – N/A

APPOINTMENT – N/A

ADDITIONAL LINES OF AUTHORITY – N/A

LICENSE RENEWAL – The license continues in force until expired, suspended, revoked, or otherwise terminated if the licensee makes a written request for continuation, confirms any applicable financial responsibility and certain other information in the Office of Insurance's records, and pays the renewal fee:

- Nonresident business entity \$120

The renewal invoice and the payment of the license renewal fee stated on the renewal invoice are due from the business entity licensee **by March 31 in:**

- Odd-numbered years for a business entity licensed in an odd-numbered year, and
- Even-numbered years for a business entity licensed in an even-numbered year.

(At least 75 days before the renewal deadline, the Office will send the licensee the renewal letter.)

License is renewed online.

- **Invoice is mailed** to the current address of record filed with the Office of Insurance and posted to the Web site six months prior to renewal.
- **Confirmation** of renewal information is on our Web site at <http://doi.ppr.ky.gov/kentucky/> at eServices.
- **Renewal Period** is based solely on the license date.
- **Renewal Deadline** - License must be renewed no later than March 31 in even-numbered years if licensed in an even year, or odd-numbered years if licensed in an odd year.

The license renewal is solely the responsibility of the licensee. **Each licensee must:**

- Renew online through eServices at <http://doi.ppr.ky.gov> or www.nipr.com.

License is continuous and a new license certificate will not be issued at renewal.

The licensee may check the Office's Web site to confirm that the license has been renewed.

Failure to Renew License by Deadline – If the Office does not receive the license renewal invoice and any required fees by the deadline, the license will be automatically terminated as of the deadline. The licensee will be prohibited from transacting insurance business until the license is reissued.

However, if the licensee submits the renewal invoice, the **late renewal penalty payment**, and any required renewal fees within 60 days after the deadline, the license may be reissued without the need for a new license application or other documentation. Upon expiration of the 60 days,

the license will be inactive. Note that there will be a gap in the license (and any appointments) from the inactive date until the date the Office receives and approves a new application with required attachments.

CONTINUING EDUCATION – N/A

AGENT LICENSING AND OFFICE OF LEGAL SERVICES GUIDELINES FOR PROCESSING LICENSING APPLICATIONS WITH NEGATIVE BACKGROUND INFORMATION APPROVAL / DENIAL

Upon receipt of every application, NAIC I-Site RIRS is checked as part of the initial processing procedure.

1. Have you ever been convicted of a crime, had a judgment withheld or deferred or are you currently charged with committing a crime?

“Crime” includes a misdemeanor, felony or a military offense. You may exclude misdemeanor traffic citations or convictions involving driving under the influence (DUI) or driving while intoxicated (DWI), driving without a license, reckless driving or driving with a suspended or revoked license and juvenile offenses. “Convicted” includes, but is not limited to, having been found guilty by verdict of a judge or jury, having entered a plea of guilty or nolo contendere or having been given probation, a suspended sentence or a fine.

If you have a felony conviction, have you applied for a wavier as required by 18USC 1033?
N/A _____ Yes _____ No _____

If so, was that wavier granted? (Attach copy of 1033 wavier approved by home state.)
N/A _____ Yes _____ No _____

If you answer yes, you must attach to this application:

- a) a written statement explaining the circumstances of each incident,
- b) a copy of the charging document, and
- c) a copy of the official document which demonstrates the resolution of the charges or any final judgement.

Agent Licensing checks to make sure all three of the above-mentioned requests are attached to the application. When all documentation is complete, the application goes to “review.” Details on what exactly is needed are as follows:

- a written statement explaining the circumstances of each incident (Must be VERY detailed – complete explanation – not just three or four sentences.)
- a copy of the charging document (police citation, indictment, warrant, or other court document you received when charges were made).
- a copy of the official document which demonstrates the resolution of the charges or any

final judgment (Court document showing final judgment of conviction, diversion agreement, or final court order signed by judge.)

- If these documents are no longer available from the court office, then a letter must be submitted from that court office stating they have been destroyed, OR a computer printout from the court office that is “certified” by a court employee may be submitted in lieu of the original documents.

2. Have you or any business in which you are or were an owner, partner, officer, or director or member or manager of limited liability company, ever been involved in an administrative proceeding regarding any professional or occupational license or registration?

“Involved” means having a license censured, suspended, revoked, canceled, terminated; or being assessed a fine, a cease and desist order, a probation order, a compliance order, placed on probation or surrendering a license to resolve an administrative action. “Involved” also means being named as a party to an administrative or arbitration proceeding that is related to a professional or occupational license. “Involved” also means having a license application denied or the act of withdrawing an application to avoid a denial. You may EXCLUDE terminations due solely to noncompliance with continuing education requirements or failure to pay a renewal fee.

If you answer yes, you must attach to this application:

- a) a written statement identifying the type of license and explaining the circumstances of each incident,
- b) a copy of the Notice of Hearing or other document that states the charges and allegations, and
- c) a copy of the official document that demonstrates the resolution of the charges or any final judgment.

Agent Licensing checks to make sure all three of the above-mentioned requests are attached to the application. If not, Agent Licensing writes back to the applicant to obtain these records. After receiving all attachments, the application goes to “review.”

3. Has any demand been made or judgment rendered against you or any business in which you are or were an owner, partner, officer or director, or member or manager of a limited liability company, for overdue monies by an insurer, insured or producer, or have you ever been subject to a bankruptcy proceeding? Only include bankruptcies that involve funds held on behalf of others.

If you answer yes, submit a statement summarizing the details of the indebtedness and arrangements for repayment, and/or type and location of bankruptcy.

Agent Licensing reviews all documentation on demand, judgment, or bankruptcy. The applicant is contacted if additional documentation is required for determination. If there is a bankruptcy, Agent Licensing requests that the “Discharge of Debtor” is attached to application with a brief explanation of reason for bankruptcy. Also, if the bankruptcy happened within the last two years, a list of creditors must be supplied. Faxed copies are accepted by Agent Licensing.

4. Have you been notified by any jurisdiction to which you are applying of any delinquent tax obligation that is not the subject of a repayment agreement?

If you answer yes, identify the jurisdiction(s):

According to KRS 304.9-440 (1)(o) and other applicable state law, the Office should be denying any applicant who has delinquent tax obligation that is not the subject of a repayment agreement in Kentucky. However, we will keep the application in a pending status for an extended period of time to allow applicant to contact Kentucky Revenue Cabinet and set up a repayment agreement. After receiving documentation that verifies the agreement, the applicant will then enter into an agreed order of probation for the same period of time it takes to repay the obligation to the state. Once the agreed order is signed by the applicant and the Executive Director, the application will be processed.

5. Are you currently a party to, or have you ever been found liable in, any lawsuit or arbitration proceeding involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty?

If you answer yes, you must attach to this application:

- a) a written statement summarizing the details of each incident
- b) a certified copy of the Petition, Complaint or other document that commenced the lawsuit or arbitration, and
- c) a certified copy of the official document that demonstrates the resolution of the charges or any final judgment.

Agent Licensing checks to make sure all three of the above-mentioned requests are attached to the application. If not, Agent Licensing writes back to the applicant to obtain these records. After all documentation is received, application goes to "review."

6. Have you or any business in which you are or were an owner, partner, officer or director or member or manager of limited liability company, ever had an insurance agency contract or any other business relationship with an insurance company terminated for any alleged misconduct?

If you answer yes, you must attach to this application:

- a) a written statement summarizing the details of each incident and explaining why you feel this incident should not prevent you from receiving an insurance license, and
- b) certified copies of all relevant documents.

Agent Licensing checks to make sure all of the above-mentioned requests are attached to the application. If not, Agent Licensing writes back to the applicant to obtain these records. After all documentation is received, application goes to "review."

7. Do you have a child support obligation in arrearage?

If you answer yes,

- a) by how many months are you in arrearage? _____Months
- b) are you currently subject to a repayment agreement? Yes_____ No_____
- c) are you the subject of a child support related subpoena/warrant? Yes_____ No_____

Agent Licensing requires applicant to submit some kind of official documentation showing that child support payments are being made. This may be a computer printout from court-ordered overseer of the account, or a copy of some pay stubs showing automatic withdrawal of child support payments.

Agent Licensing sends all applications with this question marked “yes” to Legal for review. Legal advises Agent Licensing staff of additional items to request, or calls the applicant directly.

NOTES:

- Any time a background infraction is disclosed, the review may require additional days to process. Based on the charges, the application may be pending review for several weeks, even several months. Occasionally, our Office has to make calls or correspond with other attorneys or court offices to obtain all the information we need to make a fair judgment. Keep in mind that if you are viewing the status on our Web site to monitor when the application has completed “Review,” if you see a “denied” status and you know the applicant is working with us to provide information, don’t be alarmed . Our system automatically “denies” a record after so many days. This status can be overridden for applicants in Legal Review. The best advice Agent Licensing can give is for every applicant to take the time and attach ALL requested documents when submitting the application initially. This allows the application to go to “review” as soon as it is entered in our system, without having to write back for additional items.